

GOVERNMENT OF ANDHRA PRADESH

Abstract

Infrastructure & Investment Department – Krishna Godavari Gas Network Limited – Winding up of Krishna Godavari Gas Network Limited by following due process – Orders – Issued.

INFRASTRUCTURE AND INVESTMENT (AIRPORTS-A2) DEPT.

G.O.Ms.No. 21

Date: 26-09-2012

Read the following:

1. G.O.Ms.No.9, I & I (IID-I) Dept., dated.20-07-2006.
2. G.O.Ms.No.2, I & I (IID-I) Dept., dated.17-03-2007.
3. From the CEO (I/c), KGGNL, Lr.No.INCAP/KGGNL/205/2009-10, dated.14-09-2011.
4. From the VC&MD(I/c), INCAP, Lrs. No.INCAP/A/KGGNL-Winding up/ 403/2012, dt.26-03-2012, 13-04-2012 and dt.28-04-2012.

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ORDER:

In the G.O. 1st read above, orders were issued constituting a Special Purpose Vehicle by the name of Krishna Godavari Gas Network Limited (KGGNL), partnering with GSPC Group, IDFC (Private Equity) and Infrastructure Corporation of A.P. (INCAP) to Lay, Build, Own, Operate natural gas transmission supply in the State of A.P and also to undertake transportation of gas on a Common carrier/Contract carrier. The INCAP appointed as a Nodal Agent on behalf of Government of Andhra Pradesh in KGGNL.

2. In the G.O. 2nd read above, orders were issued approving the re-structuring the equity shareholding of KGGNL as 26% equity for INCAP, 26% equity for GSPC and 48% balance equity to IDFC (Private Equity).

3. The KGGNL obtained Certificate of Commencement of Business on 27th October, 2006 and the Company applied to the Ministry of Petroleum & Natural Gas, for permission to lay the gas pipeline network in the State of AP, in December, 2006. Subsequently Govt. of India decided that the right of authorization would be transferred to the newly set up PNGRB. The Company has again applied and forwarded all information which was given to Ministry of Petroleum and Natural Gas earlier to PNGRB in December, 2007. Since, then no other activity was held by the company.

4. Later Government issued orders incorporating the A.P Gas Infrastructure Corporation (APGIC), through the APGENCO and APIIC with the mandate of taking up the activities of Gas based business from exploration, production to the distribution of gas through pipelines network. The Government has also formed A.P.Gas Distribution Company Ltd. (APGDC) with Gas Authority of India Limited (GAIL) for the down stream and distribution activities. Keeping in view the importance of natural gas pipeline infrastructure, the APGDC is preparing a regional gas pipeline grid to be submitted to PNGRB or its authorization with a view to connect every corner of the State so as to supply Natural Gas to all industrial, automobile and domestic users.

5. In the Letter 3rd read above, the Chief Executive Officer, KGGNL, has reported that, in the Board Meeting held on 27-06-2011, it was decided to serve the notice of closure of the company to the shareholders, as the Company held no activity and its existence has become redundant, in view of the decision of Government of India to transfer the right of authorization to the newly setup Petroleum and Natural Gas Regulatory Board and also incorporation of APGIC and APGDC by Government of A.P for oil exploration, production and distribution. He has requested the Government to consider winding up of the KGGNL.

6. In the letters 4th read above, the VC&MD, INCAP, has informed that the suggestion of the Retainer Consultant to explore other possibilities was discussed during the Board Meeting of KGGNL held on 27.02.2012 and it was unanimously felt that the best option left is to voluntarily wind up the company without any further delay, as the Govt. of A.P. had already incorporated similar companies for required purposes, merging the company with any other company may not serve any useful purpose and also all the Directors of KGGNL felt that the documents/reports got done by the company earlier, have little or no relevance or value at present as the circumstances in which they were prepared do not exist as on today.

7. The VC&MD, INCAP has further informed that according to the resolution of the KGGNL Board, the constituent shareholders of KGGNL have obtained approval of their respective Boards for winding up the company and informed that the consent of Government of A.P is also required for the closure of the company as desired by the other Partners which have major stakes of 74% in the Company. The current share holding pattern of the Krishna Godavari Gas Network Ltd. is as follows:

INCAP	- 26%,
IDFC Trustee Co. Ltd.,	- 48%,
GSPCL	- 11.5%,
G.S. Petronet Ltd.,	- 11.5% and
GSPC Gas Co. Ltd.,	- 3%.

8. The VC&MD, INCAP further informed that a valid Board Meeting was conducted on 02-04-2012 with the accounts updated up to 31-03-2012. The Company KGGNL which is having assets in the form of furniture and fixtures amounting to Rs.7.25 lakhs which were lying in the INCAP premises are transferred to INCAP at an amount of Rs.2.00 lakhs and the KGGNL Board has already underwritten this depreciation and thus the assets have come to INCAP at much less than the book value itself giving a boost to INCAP. Hence there are no assets realizable after the post liquidation. The VC&MD, INCAP, has requested the Government to issue orders for closing the Company.

9. In the circumstances reported by the CEO, KGGNL and VC&MD(I/c), INCAP, Government after careful examination of the matter, hereby approve the proposal for winding up of M/s Krishna Godavari Gas Network Limited, as proposed by KGGNL Board, by following due process.

10. The VC&MD, INCAP, shall take further necessary action in the matter accordingly.

11. This order issues with the concurrence of Finance Department, vide their U.O.No.2300/PFS/2012, dated.10-05-2012.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**SUNIL SHARMA
SECRETARY TO GOVERNMENT**

To
The Chief Executive Officer, Krishna Godavari Gas Network Limited
The Vice Chairman & Managing Director, Infrastructure Corporation of A.P, Hyderabad.
The Members of KGGNL Board (through INCAP)
The GSPCL/GSPL/GSPCGCL, Gandhinagar, Gujarat.
The COO, IDFC, Mumbai.

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Cf/sf

// Forwarded :: By Order //

SECTION OFFICER